

MEETING DATE <b>October 17, 2014</b>		CONTACT/PHONE <b>John McKenzie, 805-781-5452</b>		APPLICANT <b>Freeport-McMoRan</b>		FILE NO. <b>DRC2013-00031</b>	
EFFECTIVE DATE <b>November 1, 2014</b>							
SUBJECT Request by Freeport-McMoRan Oil & Gas for a Minor Use Permit to replace all existing office trailers (to be removed) with permanent structures, including: 7,622 square foot (sf) office, 2,100 sf meeting room, 1,500 sf storage building, restroom building and onsite septage pit, communications shed, water treatment facility, 84,000 gallon water tank, above-ground fueling station, 42-space parking lot, temporary relocation of offices, and removal of temporary trailers and storage containers. The project will result in the disturbance of approximately 3.1 acres on a 347 acre parcel. The project is located at 1821 Price Canyon Road (San Luis Obispo) on the west side of Price Canyon Road, approximately 2.7 miles north of the City of Pismo Beach, in the South County planning area (San Luis Bay Inland sub area South).							
RECOMMENDED ACTION 1. Adopt the Negative Declaration in accordance with the applicable provisions of the California Environmental Quality Act, Public Resources Code Section 21000 et seq. 2. Approve Minor Use Permit <b>DRC2013-00031</b> based on the findings listed in Exhibit A and the conditions listed in Exhibit B							
ENVIRONMENTAL DETERMINATION The Environmental Coordinator, after completion of the initial study, found that there is no substantial evidence that the project may have a significant effect on the environment, and the preparation of an Environmental Impact Report is not necessary. Therefore, a Mitigated Negative Declaration (pursuant to Public Resources Code Section 21000 et seq, and CA Code of Regulations Section 15000 et seq.) has been issued on <i>September 11, 2014</i> and is hereby adopted for this project. Mitigation measures are proposed to address Aesthetics, Biological Resources, Geology and Soils, Hazards/Hazardous Materials, Population/ Housing, and Public Services/ Utilities, and are included as conditions of approval.							
LAND USE CATEGORY <b>Agriculture</b>		COMBINING DESIGNATION <b>Energy Extractive Area</b>		ASSESSOR PARCEL NUMBER 044-201-002		SUPERVISOR DISTRICT(S) <b>3</b>	
PLANNING AREA STANDARDS: <b>Not applicable</b>							
LAND USE ORDINANCE STANDARDS: <b>22.10.070 - Flammable and Combustible Liquids Storage</b>							
FINAL ACTION This tentative decision will become final action on the project, effective on the 15 <sup>th</sup> day following the administrative hearing, or on November 1, 2014, if no hearing was requested unless this decision is changed as a result of information obtained at the hearing or is appealed.							
<p style="text-align: center;">ADDITIONAL INFORMATION MAY BE OBTAINED BY CONTACTING THE DEPARTMENT OF PLANNING &amp; BUILDING AT:  COUNTY GOVERNMENT CENTER γ SAN LUIS OBISPO γ CALIFORNIA 93408 γ (805) 781-5600 γ FAX: (805) 781-1242</p>							

EXISTING USES: Developed oil field operation with temporary offices, active oil wells, water treatment facility, above ground piping, roads, accessory structures; non-developed areas include oak woodland and chaparral	
SURROUNDING LAND USE CATEGORIES AND USES: <i>North:</i> Agriculture; Industrial (oil field), scattered residences <i>East:</i> Agriculture; Industrial (oil field) <i>South:</i> Agriculture; Industrial (oil field), Pismo Creek <i>West:</i> Agriculture; Industrial (oil field), scattered residences	
OTHER AGENCY / ADVISORY GROUP INVOLVEMENT: The project was referred to: <b><i>Public Works, CalFire, Environmental Health, Ag Commissioner, APCD</i></b>	
TOPOGRAPHY: Nearly level to steeply sloping	VEGETATION: Oak woodland, chaparral, ornamental landscaping
PROPOSED SERVICES: Water supply: On-site well Sewage Disposal: Engineered on-site septic system Fire Protection: CalFire	ACCEPTANCE DATE: April 4, 2014

## DISCUSSION

### PROJECT HISTORY

The project is located in the existing Arroyo Grande Oilfield, located on both sides of Price Canyon Road. The existing oil field development has received several previous land use approvals that have been subject to extensive environmental analysis. The most recent approval for field development was for Phase IV, which included development of 95 wells. Approximately 3/5ths of these wells have been drilled with the balance to be drilled over the next couple of years. The following environmental documents have been prepared as a part of approving the initial and subsequent phases of the project currently in operation:

- 1978 Final EIR prepared for Phase I (Arroyo Grande Thermal Project [Teal Petroleum]) for 54 wells;
- 1981 Final EIR prepared for Phase II (Arroyo Grande Thermal Project Grace Petroleum Corp. Development Plan) for 40 additional wells and steam generator; this document included conceptual approval of Phases III, IV and V for 165 future wells;
- 1984 Final EIR American Pacific International, Inc. AG Oil Field for eight additional wells and tank facility;
- 1994 Final Supplemental EIR prepared for Phase III (Shell Western Development Plan) for 65 additional wells and three steam generators;
- 2004 Final EIR prepared for Phase IV (Plains Exploration and Production Phase IV Development Plan for 95 additional wells, 30 injection wells, and three steam generators;
- 2005 EIR Addendum prepared (on 2004 FEIR)(Plains Exploration and Production Phase IV Conditional Use Permit - D010386D) for a water reclamation system.

### CURRENT OPERATION

The current operation includes about 150 active producing wells and up to 40 active injector wells. Once extracted, the oil is separated from the water (called produced water). The produced water is then reinjected back into the oil formation either as is or as steam. Once the approved water treatment plant is constructed some of this produced water will be treated and released to the surface (Pismo Creek). Oil extraction efforts also extract or produce natural gas (methane) which is captured by a vapor recovery system and then either compressed, reinjected or burned off. Of the oil and injection wells approved in Phase IV, the remaining uninstalled oil and injection wells will be installed through 2015. Two additional generators will be installed in the near future. Currently about 1000 barrels of oil a day are produced and transported by truck (7 daily trips) to the Conoco Phillips Battles pump station in Santa Maria. The current operation employs approximately 26 regular employees. The current offices to be replaced provide a working space for approximately 18 employees. The overall number of employees is greater when drilling, construction or workover activities are included. An ongoing component of this operation includes the closure of wells that no longer produce commercially viable amounts of oil.

The current oilfield operations is served by existing offices and meeting areas housed in modular structures.

A number of facility-wide plans are in place to insure adequate conformance to Phase IV conditions of approval, as well as other regulations. The most relevant of these plans include: Storm Water Prevention Plan, Fire Safety Plan, Weed Management Plan, Odor Plan, Annual Sensitive Species Surveys, Sentry Wells annual reports, Emergency Response Plan, Hazardous Business Plan, Spill Prevention and Control Plan. As new permits are approved,

these plans are reviewed for adequacy, and when needed, amended to include what is approved in these new permits.

## PROPOSED PROJECT

The project proposes to:

- replace all existing office trailers (to be removed) with permanent structures, including: 7,622 square foot (sf) office, 2,100 sf meeting room, 1,500 sf storage building, restroom building and onsite septage pit, communications shed,
- install new water treatment facility including a 84,000 gallon water tank
- improve an existing above-ground fueling station,
- install a 42-space parking lot,
- temporarily relocate offices during construction, and
- remove temporary trailers and storage containers.

The intent of the proposed office and support facility project is to serve the project's current employee and operational needs as approved for the Phase IV development. The proposed meeting room is intended to provide a centralized place to conduct meetings and trainings that are already being conducted on-site on a regular basis. Temporary offices during construction are proposed near the Gate 1 entrance on an existing leveled area.

A permanent on-site water system is included in this proposal. A water treatment unit along with a new water tank is proposed. The water tank will also provide additional fire water to be available in case of fire at the new facilities. The water tank will use an existing oil well pad and not require additional grading to level a pad. The proposed water line to the new office will follow an existing road.

Ancillary storage buildings are proposed. These structures would include the storage of small amounts of hazardous materials, such as paints, solvents and lubricants and other similar products used for machinery and vehicle maintenance. Prior to final inspection, the existing Hazardous Materials Business and Spill Prevention and Control Plans would need to be reviewed for adequacy.

A permanent wastewater system is also proposed. Due to some of the site constraints (e.g., shallow depth to bedrock), an engineered system will be required.

Prior to final inspection or occupancy, all relevant facility wide plans or programs will be reviewed for adequacy with the inclusion of the proposed facility. As needed, applicable plans will be amended to address anything not already covered.

Unless superseded specifically with this request, all Conditions of Approval for Phase IV are still applicable to this project. Exhibit C provides a list of these conditions.

## PROJECT ANALYSIS

### *Ordinance Compliance:*

<u>Standard</u>	<u>Allowed/Required</u>	<u>Proposed</u>
Minimum Site Area	None required	3.1 acres
Setbacks Front Side Rear	25-foot front 25-foot sides 30- foot rear	Front - 545 feet Side - 510 feet (south side) Side – 3,700 feet (north side) Rear – 2,200 feet
Height	35 feet	22.5 feet
Parking	Office space - 1 space per 400 square feet of floor area (7,621s.f.) = 19 spaces Public Assembly – 1 space/150 square feet of exhibit area (2,100 s.f.) = 14 spaces Handicap 1 space for up to 40 standard spaces <b>Total = 34 spaces</b>	42 spaces proposed Project has been conditioned to provide a total of 34 spaces Additional spaces are proposed to accommodate meeting room and training needs.
Signs	100 square feet maximum for the site	No new signs proposed

### Landscaping

The project is within the Agriculture land use category and is not subject to the County's landscaping standards (Sec. 22.16.020). Minimal landscaping is proposed (two planter boxes next to office). The permanent office and meeting room are located within an existing oil field operation and will not be visible from the nearest public road (Price Canyon Road).

### Fencing and Screening

No fencing or screening is proposed for the permanent office and meeting rooms, as they are not visible from Price Canyon Road. However, the proposed 84,000 gallon water tank may be visible from a public roadway. Condition #21 addresses this potential visibility issue and includes a height limit, careful placement of the tank to use existing screening elements (e.g., existing trees, topography) and the requirement for a dark green exterior tank color.

Temporary construction trailers are being proposed on an existing leveled area immediately west of the main Gate 1 entrance and potentially visible from Price Canyon Road. The applicant proposes to place these trailers (up to two) along the northern edge of the leveled area, which will effectively result in the existing topography (southeast edge of leveled area) screening the trailers from public view. Furthermore, to minimize impacts from parked vehicles, a perimeter screening fence (6-foot) is required.

## **PLANNING AREA STANDARDS**

The project is not subject to any planning area standards.

## **LAND USE ORDINANCE STANDARDS**

The project proposes to make some improvements to an existing above-ground fuel tank (raising its foundations). Per County LUO Section 22.10.070 - Flammable and Combustible Liquids Storage, these improvements will need to meet existing regulations related to above-ground storage of fuels. Prior to final inspection, the County's Environmental Health Division will verify these measures have been incorporated into these improvements.

## **COMBINING DESIGNATIONS**

The project is within the Energy Extraction Combining Designation. The intent of this designation is to protect the oil resources in this area. As a replacement of temporary offices with a permanent facility serving the existing oil field, this request is consistent with this designation.

### **Condition Compliance with the previously approved CUP**

The continuing and ongoing development of the existing oil field is subject to conditions that were included as a part of the Phase IV development approval (D010386D). A number of these measures will apply to the proposed project during construction and operations (refer to Exhibit C). Additional conditions are proposed for the project aspects not specifically addressed in these Phase IV conditions

## **AGENCY REVIEW**

**Public Works** – Requests condition be added for an encroachment permit, which would include meeting County standards for driveway approaches and adequate sight distance; as a part of regular maintenance, vegetation removal to improve sight distance at the Gate 1 entrance has already occurred.

**Agricultural Commissioner's Office** – Response states that there are no potential conflicts with nearby vineyards.

**CalFire** – Existing Facility-Wide Commercial Fire Safety Plan in effect. All habitable buildings would be at least 30 feet from adjacent native habitats (oak woodland, chaparral). Prior to occupancy or final inspection, CalFire shall review existing Fire Plan for adequacy.

**Environmental Health** – Prior to occupancy, they will review adequacy of water system installed, as well as the improvements made for the existing above-ground fuel storage tank.

## **LEGAL LOT STATUS**

The lot was legally created by a subdivision at a time when that was a legal method of creating lots (Lot 62 of Stratton's subdivision of Rancho Corral de Piedra, Pismo and Bolsa de Chamisal; recorded map in Book A, Page 65 of Maps).

Staff report prepared by John McKenzie and reviewed by Steve McMasters